ARMY MATERIEL COMMAND

OVERVIEW

- Management Controls
- Explanation of Controls
- Key Controls
- Senior Responsible Official
- Assessable Unit
- Assessable Unit Manager
- Explicit Statements of Responsibility
- Management Control Administrator

OVERVIEW (CONT)

- Management Control Plan
- Management Control Evaluations:
  - Checklist
  - Alternate Evaluation Process
- Annual Statement
- Reasonable Assurance
- Material Weaknesses
- Key Army Incentive
- Summary

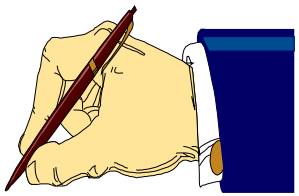
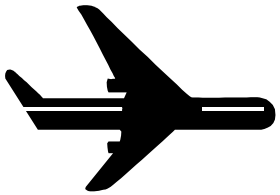
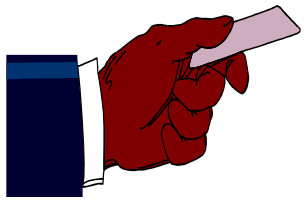
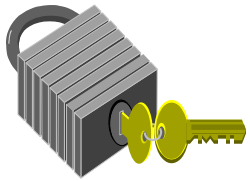
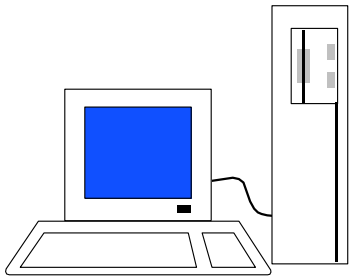
DEFINITIO N

Management Controls:

- Rules, procedures and devices managers use to get the job done
- To ensure what should happen does happen
- Not a separate process - what you are

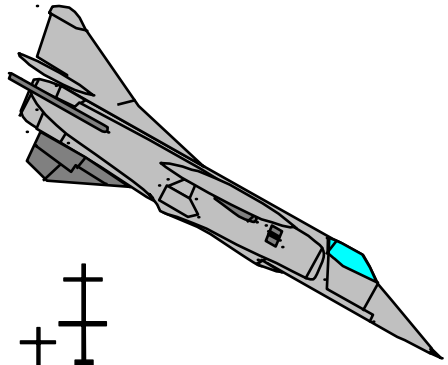
TYPES OF CONTROLS

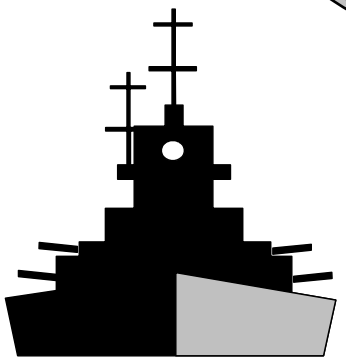
CERTIFYING/APPROVING FUNDS
APPROVAL OF OVERTIME
AUTHORIZING USE OF TRAVEL FUNDS
SEPARATION OF DUTIES - IMPAC
LOCKS ON WAREHOUSE DOORS
FENCES
PROPERTY ACCOUNTABILITY
COMPUTER PASSWORDS

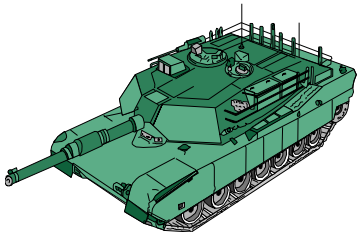






“EFFECTIVE” CONTROLS

- ***Safeguard resources***
- ***Ensure accurate and reliable management information***
- ***Are not an end…but a means to an end….Mission accomplishment***







PROPER CONTROLS

HAVING THE RIGHT CONTROLS IN PLACE:

- Are good business
- Are your job as a manager

When controls are in place and working as intended: **CONGRATULATIONS!**

You're doing it right the first time!

DEFINITION

Key Controls:

CRITICAL/ESSENTIAL - Determined by HQDA Functional Proponents

- **If not in place, not effective or not used - process fails !!**
- **Available in governing regulations - providing the minimum controls needed in areas of responsibility**

DEFINITION

Senior Responsible Official:

- Designated by the head of the reporting activity

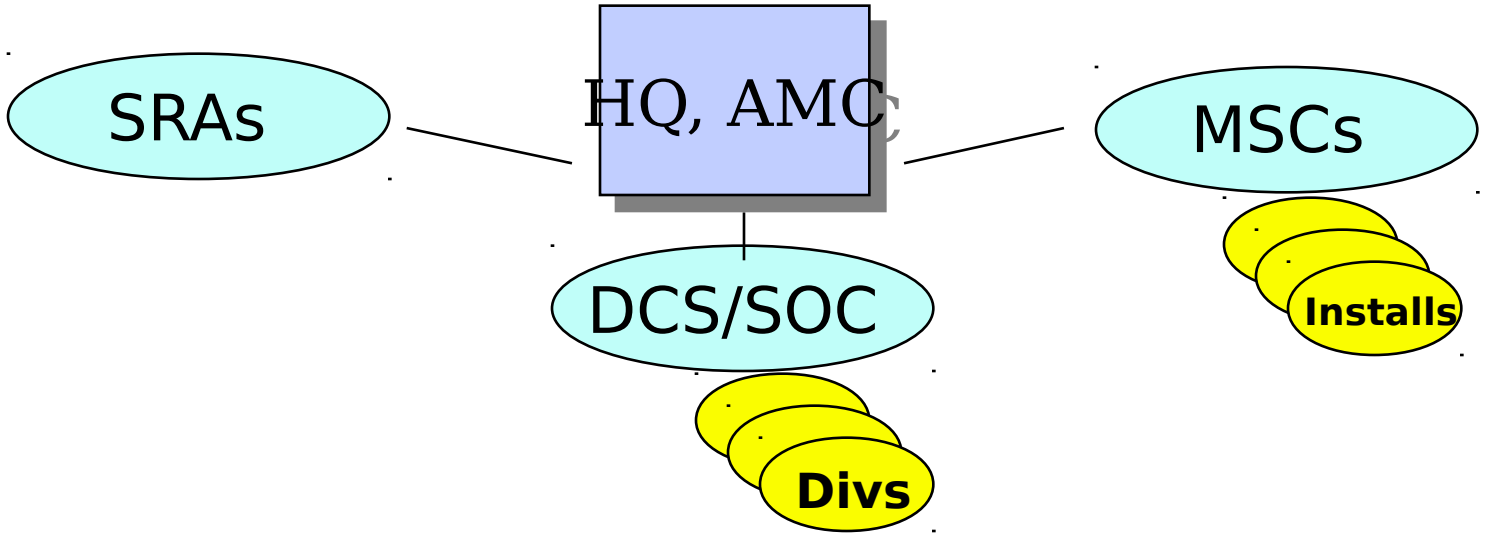
- Has overall responsibility for ensuring the

  implementation of an effective management control process:

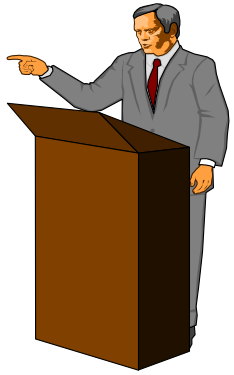
  - Designates Management Control Administrator
    (MCA) to administer the process within the organization

DEFINITION

Assessable Unit: A subdivision of an organization that ensures a reasonable level of span of management control to allow for adequate control analysis



DEFINITION



Assessable Unit Manager:

- **Head of a unit (mil or civ - COL/GS-15)**
- **Lower grade needs approved waiver from**
  HQDA
- **Reason for waiver - Span of control and**
  location
- **Establishes Management Control Plan:**
  - **Ensures evaluations are conducted**
  - **Certifies all completed evaluations**

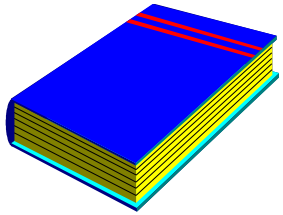
STATEMENTS OF MANAGEMENT CONTROL RESPONSIBILITY

- **OMB Circular A-123: Explicit statement of responsibility for management controls required in performance agreements of senior managers**

- **AR 11-2: Supervisors must include the statement in performance agreements of commanders and managers responsible for execution/oversight of effective controls down to the Assessable Unit Managers**

AR 11-2: EXPICIT STATEMENTS

Page 6 of AR 11-2:



- **Senior Responsible Officials: "Should comply with paragraph 1-13 of AR 11-2"**
- **Assessable Unit Managers: "Should comply with paragraph 1-14 of AR 11-2"**

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Management Control Administrator:

- **Designated by senior responsible officia**
- **Manages and administers the management control process for the organization**

DUTIES OF ADMINISTRATOR

- Keep senior responsible official and command group advised on the status of management controls
- Provide guidance to Assessable Unit Managers
- Provides necessary training for

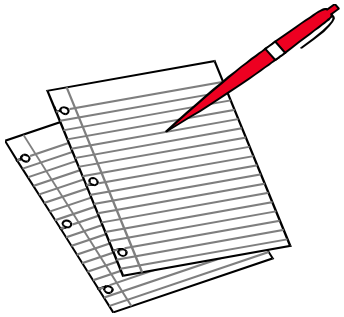
DUTIES OF ADMINISTRATOR (CONT)

- Coordinates the preparation of the Annual Statement (AS)
- Tracks Material Weaknesses (MWs) until corrected
- Retains required documentation on AS and MWs

DEFINITIO N

Management Control Plan:

- **A written 5-year plan**
- **Describes the functions to be evaluated**
- **Specifies when to evaluate**
- **States who will evaluate**
- **Tells where to find the control evaluation**



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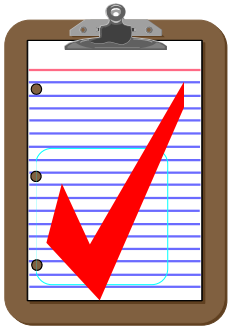
Management Control Evaluations:

- Periodic, detailed assessment of management controls
- Determines if controls are:
  - In place and being used
  - Effective
- Must test controls
- Must be supported by documentation
  - Who conducted evaluation and when
  - Method used
  - Deficiencies detected and corrective

DEFINITION



Checklist:

- **One method of evaluating the effectiveness of “key controls”**

- **HQDA functional develops checklist and has it published in governing regulation**

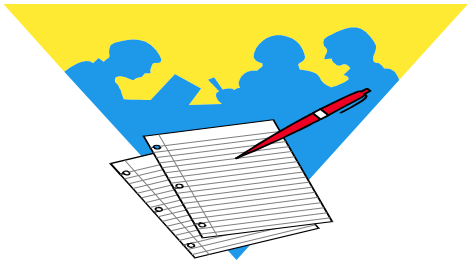
DEFINITION

Alternate Evaluation Process:

- Any management review processes

  (existing or new) that assess controls
- Process may be:
  - UNIQUE: Army Safety Program Evaluation; Command Supply Discipline Program
  - GENERIC: Command Inspection Program; internal review

DEFINITION



Annual Statement:

- **Required by FMFIA for federal agencies**
- **Head of organization's assessment of management controls:**
  - **States "reasonable assurance" that controls are in place, effective and working - NOT ABSOLUTE**
- **Identifies material weaknesses**
- **Subordinate's input included in the MACOM and the Secretary of the**

DEFINITION

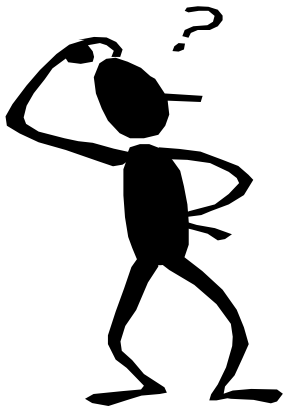
"Reasonable Assurance":

- Agencies must report annually IAW FMFIA
- Acceptable degree of confidence in the general adequacy of controls
- Determination is a management judgement based on:
  - The effectiveness of controls
  - The extent of deficiencies and material weaknesses

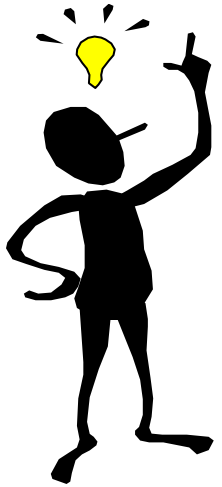
DEFINITION

Material Weakness:

- **Need attention of a higher level of management to help fix the problem**
- **Management controls are:**
  - **Not in place**
  - **Not effective**



CRITERIA FOR ELEVATING



Forward to HQDA/HQ AMC (2 requirements)

1. **A BREAKDOWN in management controls**
2. **Warrants reporting to next level of command for awareness or help to fix the problem**

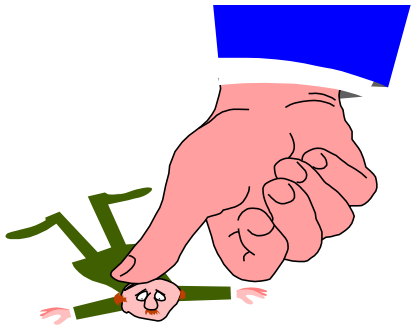
CONTROL WEAKNESSES CAN CAUSE

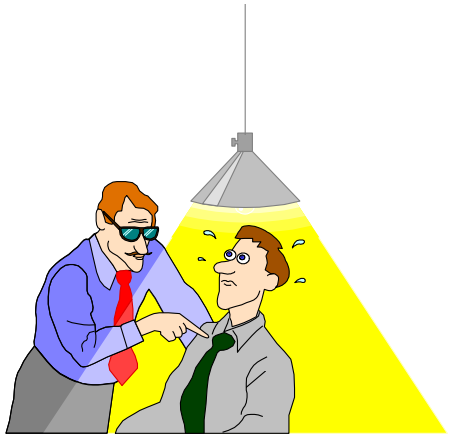
- Fraud
- Waste
- Abuse
- Injury & Death

Material Weakness “Factors to Conside

- Actual or potential loss of resources
- Sensitivity/magnitude of resources involved
- Current or probable adverse media or Congressional interest
- Unreliable information
- Impaired fulfillment of essential mission
- Statutory or regulatory violations
- Information Security risk
- Safety (Loss of life or limb)

REPORTING WEAKNESSES

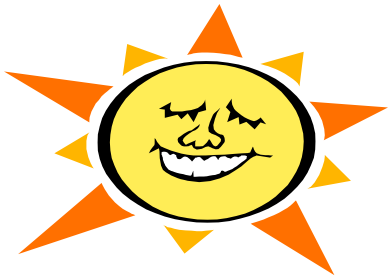




- **Not a fault finding mission**

- **I found it and I am fixing the problem**

KEY ARMY INCENTIVE



If a material weakness is <u>self</u> reported, neither USAAA nor Internal Review will issue a FINDING!!

<u>BOTTOM LINE</u>:

"You found it, reported it, and have a schedule to fix it!"

SUMMARY

UNDERSTANDING DEFINITIONS -

ESSENTIAL IN KNOWING HOW TO

EXECUTE YOUR MANAGEMENT

CONTROL PROCESS